

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, FEBRUARY 8, 2010, 2:00 P.M.
Room W020, House Building, State Capitol Complex

Members Present: Sen. John Valentine, Co-Chair
Rep. Melvin R. Brown, Co-Chair
Sen. J. Stuart Adams
Sen. Ross I. Romero
Sen. Steven H. Urquhart
Rep. Johnny Anderson
Rep. Trisha S. Beck
Rep. Bradley M. Daw
Rep. Kay L. McIff
Rep. Carol Spackman Moss
Rep. Evan J. Vickers
Rep. C. Brent Wallis
Rep. Mark A. Wheatley

Members Absent: Rep. R. Curt Webb

Staff Present: Spencer Pratt, Fiscal Manager
Patrick Lee, Fiscal Analyst
Lorna Wells, Secretary

Public Speakers Present: Michael Petersen, Executive Director, Utah Education Network
David Squire, Executive Director, Utah Medical Education Council
Lynne Ward, Director, UESP
Steve Hess, Higher Education Technology Initiative
David Buhler, Associate Commissioner
Dave Cowley, Vice President-Business and Finance, USU
Wes Curtis, Vice President-Regional Services, SUU
Mason Bishop, Vice President-Institutional Advancement, SLCC
Brad King, Vice President- Institutional Advancement, CEU
Gary Sessions - Director of Finance, Utah Dept. of Corrections

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to order - Committee Co-Chair Brown called the meeting to order at 2:10 p.m.

Sen. Valentine discussed the bleak economic situation of education in Nevada.

2. Utah Education Network
 - a. Patrick Lee, Fiscal Analyst discussed the Utah Education Network Budget Brief. The FY 2010 ongoing base for the Utah Education Network is \$31,979,200. The total appropriation of FY 2011 is \$28,818,300 which is approximately 9.9% lower than the agency's FY 2010 base appropriation. Mr. Lee discussed the base budget for FY 2011. Mr. Lee discussed some of the possible options for the required budget cuts and the effects of these cuts. The Analyst recommends the subcommittee consider these effects before making these cuts. The Analyst also recommends that the subcommittee give particular attention to the funds that are currently supporting multi-year contracts within the UEN line item. These funds currently comprise approximately 58% of the UEN budget.

Rep. Moss asked what are the total FTE's in the UEN budget? Dr. Petersen reported that the current FTE level at UEN is 110. Dr. Petersen also discussed the impact of the FTE cuts on each area of UEN.

Rep. Wallis asked for the clarification on the source of the five recommendations for budget cuts. Mr. Lee reported that he worked very closely with UEN in determining these recommendations.

Rep. McIff asked for clarification on what the recommendation means. Mr. Lee stated that these recommendations are some possible options for the budget cuts required by the EAC. Mr. Lee also reminded the Committee that the analysis includes the impacts of these cuts, as well as the recommendation regarding the fact that 58% of the UEN budget is for multi-year network contracts.

Dr. Michael Petersen discussed the services that UEN provides. He discussed the mission statement and the governing body of UEN. UEN provides a statewide wide area network that connects every school and college and provides reliable connectivity to the Internet. UEN is a public/private partnership. UEN provides 200 video-conferencing events every day and Dr. Petersen demonstrated some of these video conferencing abilities. Dr. Petersen said that about 100,000 students and instructors use Blackboard Vista every day for their online classes. In one month, there are about 1.3 million visits to UEN web resources. He mentioned the cost savings to the state of Utah by UEN. He also discussed the federal grant that would require a \$3.5 million match from UEN. It would be extremely difficult for UEN to have the required matching funds with the additional required cuts.

Rep. Wallis asked if the five recommendations made by the Analyst are the cuts that would have to be made if the 5% cut is imposed. Dr. Petersen answered that the cuts listed by the Analyst, are the cuts that UEN would make. Rep. Wheatley asked how many students are being served in the San Juan area. Dr. Petersen said that there are four high schools in San Juan County that rely on video conferencing. There are about 6,000 students per term who take classes using the Interactive Video Conferencing.

3. Utah Medical Education Council

- a. Patrick Lee, Fiscal Analyst discussed the Utah Medical Education Council Budget brief. The UMEC evaluates current and future health care needs. The MEC also seeks to develop training opportunities for physicians in rural and under served areas. The Base Budget for FY 2010 was \$1,399,900. The budget reductions and loss of Dedicated Credits revenue give the agency a FY 2011 base of \$974,500. The Analyst recommends the subcommittee consider as part of the 5% target for Higher Education Appropriations an ongoing reduction of \$29,100 from the Rural Residency Training Program. To this point, all reductions for the MEC have come from their agency operating budget without reductions to the ongoing allocation to the training program. This reduction represents just under 10% of the original appropriation of \$300,000 to the Rural Residency Training Program.
- b. Mr. David Squire - Executive Director, Utah Medical Education Council reported on some of the benefits that the UMEC brings to the state of Utah. The UMEC has created innovative partnership ideas. He reported that five years ago, the UMEC projected a need of about 270 physicians entering the workforce each year. At the present time, Utah is averaging 190 new licensed physicians each year, not all of these individuals remain in the state for their practice. Mr. Squire discussed the changing physician's assistants workforce. In the past five years, there

has been an 85% increase in the number of physician's assistants working in the State. The majority of these new licensees are working in specialty care. The UMEC needs to examine and understand what implications this specialty care will have on primary and under-served populations. This increase in the PA workforce is also offsetting some of the demand for licensed physicians. The UMEC also wants to examine the impact of this shift on healthcare, and the clinical training required. Mr. Squire also discussed the pharmacist program, the shortage of pharmacists in the state is not as great, but Utah is still significantly below national standards. Because of recent shifts in the scope of practice of pharmacists, the UMEC will be closely monitoring this workforce. Mr. Squire indicated that for the first time, the dental workforce has dropped below the national average. The UMEC is concerned about dental access for medicaid patients because only 6% of the dental workforce provide significant on-going medicaid dental services. There is a shortage in the laboratory workforce in the State. Utah has the oldest population of medical technologists and clinical laboratory workers. The growing elderly population demands health care services at a much higher rate. These are some of the issues that the UMEC will be dealing with in the next few years.

Sen. Adams asked about the cause of the reduction in the number of licensures for physicians. Mr. Squire said that there is a direct correlation between where a doctor receives residency training and where they set up their actual practice. They want to look at this residency training to try and determine why the licensure rate isn't higher.

Sen. Valentine discussed that due to budget cuts, the entering class of medical students is only 80 instead of the normal 100, there is not an expansion of the residents. Doctors who try to come back in the state haven't made necessary contacts to establish a practice in Utah. This is one of the reasons why the UMEC is so important. The loss of these slots in medical school will mean that there will be a continued gap.

Mr. Squire agreed with Sen. Valentine's statements, and also discussed the impacts of these shortages. The UMEC would recommend developing some close policy control. He gave the example that it is much easier in the state to recruit emergency care physicians from the national pool rather than primary care physicians. They would like to make sure that the scarce resources are utilized in the areas that are most beneficial. Mr. Squire is hopeful that this Committee will call upon the UMEC to provide this valuable information in the future.

Sen. Adams asked for clarification about national shortages of physicians and if there are national shortages in emergency care physicians. Mr. Squire answered that the American Medical Association has projected national physician shortages as high as 200,000, they don't look at it this shortage by sub-specialty. The ability to recruit one sub-specialty over another sub-specialty is sometimes easier in Utah.

4. Mr. David Feitz who is the Executive Director of the Utah Higher Education Assistance Authority (UHEAA) is unable to attend today because he is stranded in the huge snowstorm in Washington D.C. His presentation will have to be delayed until Wednesday or Thursday.
5. Utah Educational Savings Plan - Lynne Ward, Executive Director. Ms. Ward gave committee members the UESP enrollment kit and gave an overview of the UESP program. It is Utah's official 529 College Savings Plan and is totally self-funded. Ms. Ward discussed some of the tax benefits from the UESP as well as other benefits. UESP has more than \$3 billion in assets. Ms. Ward explained the investment options available at UESP and compared the contributions from 2007 to

2009. She discussed the research obtained by a focus group and some of the recent enhancements in the program. She also discussed some of their efforts to reach Utahns. She reported that UESP is highly ranked nationally.

Rep. Anderson asked if a separate account is required for each beneficiary and if the tax deduction is per beneficiary. Mr. Ward explained that a separate account is required for each beneficiary, and that a tax deduction is available for each account.

6. Higher Education Technology Initiative (HETI) - Mr. Hess represents all of the USHE Chief Information Officers. He explained the purpose of HETI funds and reported the current appropriation is \$4.5 million. These funds go to pay for the joint maintenance costs for core central software systems. By joining together, the states saves \$1.3 million. There is not a current mechanism to fund these IT costs. He discussed the fact that because enrollments have increased, the software contracts will also increase. He discussed the fact that there is a \$1,398,644 shortfall. HETI gives additional administrative support to CEU, Snow and Dixie College. They have a system-wide disaster recovery plan. Mr. Hess discussed the consequences of the budget cuts. HETI requests to have a stable funding source, and to look at this as an efficiency matter.

Rep. Wallis asked if there are plans to establish stable funding? He asked if there was a model, and what would it look like?

Mr. Hess said that the bill regarding stable funding that came before the Legislature last year was tabled. In the past, the Legislature has been very good to give one-time money. IT equipment has to be replaced every three to five years. An inventory was taken of all switches, core networks and other key components. A schedule was prepared that would replace equipment that was 5 - 6 years old. The funding amount would be \$5 - \$8 million per year.

7. USHE Proposal for Fleet Expansion

- a. David Cowley from USU. USU is requesting two more slots for fleet expansion. The Conservation Corps/Student Services needs high clearance vehicles. They have been having to rent these vehicles, or use vans from the USU fleet. Because they have to take these vehicles off-road, it is very hard on the current fleet. They are not requesting any state dollars because federal funding is available for both vehicles.

Rep. Brown asked if this federal funding is part of the stimulus. Mr. Cowley reported that it is not part of the stimulus, they are federal funds that are received by this department on a regular basis.

Rep. McIff asked if they are hauling people or equipment. Mr. Cowley reported that they are transporting some individuals, but trucks are needed to haul tools and equipment.

- b. Wes Curtis from SUU. SUU is requesting a replacement vehicle. This would replace an old maintenance vehicle with a small truck. The maintenance vehicle would then be used by the bookstore. They are requesting two other vehicles. First, a 7-passenger van, and second, a 21 passenger bus to be used in the Head Start program. Both of these vehicles would be paid for with federal stimulus money. The O & M for the vehicles would be paid by the Head Start program.

Rep. Brown asked about the mileage that would be put on each vehicle. Mr. Curtis explained that the maintenance vehicle would not have many miles because it would be used on-campus. The other vehicles would pick-up and return students on a daily basis during the school year for the Head Start program.

Rep. McIff asked if the stimulus money has been earmarked for this purpose only. Mr. Curtis said that this money was approved through the regional Head Start office. Rep. McIff asked if this money would not otherwise be available. Mr. Curtis answered that this is correct, this is new money that they will not receive unless they purchase the two vehicles.

- c. Mason Bishop from SLCC - SLCC is requesting a net two slot increase. Because of new reporting requirements, the total vehicle count at SLCC is 11. Three trucks were transferred to SLCC from the SLCC/SLTATC merger last year. SLCC has received two grants for the Youth Build program. They need a van to transport disadvantaged youth to onsite jobs to get job training skills. The college would like to replace a 40+ passenger bus with two 21-passenger HOVs.

Rep. McIff asked what would happen to the 40-passenger bus? Mr. Bishop reported that this bus would be used in the truck driving program. They would move the bus from the vehicle fleet to the instructional program.

- d. Brad King from CEU - CEU is requesting authorization to purchase a semi truck. CEU has established a partnership with Native Americans on the Navajo Nation. They have a contract to provide for truck-driver training, which specifies that the Navajo Nation will pay for the truck.

Rep. Wallis asked Mr. King for clarification on how this would be paid. Mr. King reported that the contract with the Navajo Nation does state that they will pay for the truck.

- 8. Gary Sessions - Director of Finance, Utah Department of Corrections. Last year the telephone surcharge account was transferred to the Department of Corrections from the State Board of Regents. The FY 2010 request of \$432,700 of on-going money is not included in the base bill. Mr. Pratt explained the concern from this Committee was what guarantee is in place to ensure that this money will be used for higher education at the prison. Mr. Sessions reported that S.B. 1 includes a specific line item called programing which is in the restricted general fund. Mr. Sessions also referred to H.B. 100 (2009 General Session) which allowed for the change. The last line of the bill reads "funds approved from the prison telephone surcharge account may only be used by the department for the purposes under Subsection 53A", which is for inmate assessment and career skills. There would have to be accountability for this money through the state's transparency website and also through the annual report.

Rep. McIff asked if the education that the prisoners are receiving is the same higher education utilization to the extent that it was being utilized before the transfer and if this transfer was a good idea.

Mr. Sessions said the Department of Corrections has contracted with various entities to provide training in areas where there are current employment needs. It is better to have the funding so that the Department can oversee the training that is taking place.

Rep. Wallis asked when the decision was made to transfer the funding. Mr. Sessions said that it was during the last day of the Legislative Session last year. Rep. Wallis asked Mr. Buhler if Higher Education is in support of this transfer, and will the services be the same if the amount is transferred. Mr. Buhler reported that USHE would prefer the money stay in its budget, and that USHE oversee the education at the prison. Mr. Buhler also reported that SLCC is no longer providing educational services at Draper, so the prison may be contracting with other sources. Mr. Sessions is not certain about which contracts are with ATCs or with other institutions. Most of the contracts are for skill-based training.

Rep. Wheatley asked if the prison is offering Certificates of Completion through the ATCS. He also asked for specific examples of the types of training. Mr. Sessions answered that the inmates do receive Certificates of Completion. There are many programs, one example is culinary arts. Rep. Wheatley asked how many students are involved. Mr. Sessions does not have that data, he will get this information to the Committee at the next meeting.

9. New Century Scholarship - Mr. Buhler discussed the Regents' Scholarship and New Century Scholarship. He reported that the number of students eligible for these scholarships has doubled. He discussed the differences and requirements of both scholarship programs. Mr. Buhler also explained the shortage of funds to cover these scholarships.

Sen. Valentine asked if the Board of Regents is \$2.7 million short of being able to fund the Regents' Scholarships at the maximum amount permitted by statute. Mr. Buhler said that this is a projection for next year for FY 2011. The Board of Regents do have enough to fund the scholarships fully at 75%; it is 2nd year of the award that is in doubt. For FY 2011 (which students will start in Fall of 2010) there is an approximate \$2.7 million shortfall.

Sen. Romero asked if the amount is 75% or 100%. Mr. Buhler explained that it is 75% , which is the maximum amount allowed under law. This law will change next year to a maximum amount of \$5,000 over two years.

Rep. McIff asked if there is an appropriate way to decide who receives and who does not receive the award. The first choice of the Board of Regents would be to fully fund the base awards of \$1,000 and then to reduce the amount of the exemplary awards.

Sen. Valentine said that as the sponsor of the current bill in the Legislature, he would support a full funding on the base scholarship and a reduced amount on the exemplary portion rather than having some students receiving 100% and others receiving nothing.

Mr. Buhler then discussed the New Century Scholarship. This scholarship encourages the high school student to earn their Associate Degree when they graduate from high school. The amount is currently 75% of tuition and the recipients have five years to use the money. Sen. Valentine is sponsoring a bill that will change some of the requirements and procedures of the scholarship.

Sen. Valentine asked for the dollar amount needed as a FY 2010 Supplemental. Mr. Buhler responded that the total would be \$1.3 million, but only \$800,00 is needed from the Legislature because \$500,000 has been transferred from Federal Stimulus money. This amount would hold harmless those students who were expecting the full award. Mr. Buhler discussed the fact that there is not a mechanism in place to know how many applicants there will be each year. So the new bill would establish an earlier application deadline. He also mentioned that there is a communication

issue with the public because the law states that this scholarship is subject to Legislative funding, but there is a perception that the scholarship amount would be what it has been in the past. There has been a great deal of communication this year to let the public know about the situation and what may happen. He gave a time line of the communication and outreach efforts that have been made by the Board of Regents this year.

Mr. Buhler reported that there have been 751 new applicants, and there will also be 1,247 renewals. This is a total number of 1,998 students who intend to be qualified and use the scholarship in FY 2011. Mr. Buhler presented three possible funding scenarios for FY 2011: 1) to fully fund at the 75% level, which would mean a \$4.3 million state appropriation; 2) limit the number of awards based on funding; 587 students would receive the award, and 1,411 who would not receive the award; 3) fully fund all qualified recipients at a reduced award amount-which would possibly be \$800 - \$1,000 or about 20 -25% of tuition.

Rep. McIff asked what would be the recommendation from the Commissioner's office. Mr. Buhler responded that it would probably be Scenario #3.

Rep. Wallis said that the public did have the understanding that the scholarship amount was almost a guarantee that it would be 75% of tuition. The students and their families started planning for this as early as the ninth grade. So there is a perception that the Legislature has backed-out of this commitment. Rep. Wallis asked if the recent communication has helped the public understand.

Mr. Buhler said that the Commissioner's Office has made every effort to encourage students to look for other options and other scholarships. Even though the law said one thing, when the amount has been the same year after year there is an expectation.

Rep. Wheatley asked for the preference of the Commissioner's Office. Mr. Buhler stated that if they are not able to fully fund the scholarships, they would recommend the reduced award or a flat dollar amount for each qualified applicant.

Rep. Brown asked if they would take the appropriated amount and then divide that by the number of qualified applicants. Mr. Buhler responded that is how the amount would be calculated.

Rep. Beck asked for clarification. What would happen this year to a student who does not have a 3.5 GPA, would they not be funded? Mr. Buhler stated that is correct. Rep. Beck also asked if those who are currently in school using New Century scholarship need to maintain the GPA? Mr. Buhler reported that in the current statute, the GPA must be 3.0 in college, and the award is for four semesters, but they have five years to use the award.

Rep. Vickers asked if there has been discussion of only allowing scholarships at public institutions instead of private. Mr. Buhler said that it has been discussed and that there are a wide range of viewpoints, but it would be a decision for the Legislature to make.

Sen. Valentine stated that the current bill keeps the current scholarship in tact without making major policy changes.

Sen. Romero asked if students have been encouraged to apply for financial aid and other scholarships. Mr. Buhler said that their communications to students have asked them to look at all possible options. Sen. Romero also asked if the Commissioner's Office has calculated how much families are saving by

getting their Associate Degree in High School. There is value to the individual and to the family that is perhaps not articulated in this communication. Mr. Buhler commented that this was a great point, because the individuals have saved \$3,000 - \$5,000 in tuition.

Mr. Buhler also mentioned that all of the administrative costs associated with the New Century Scholarship have been absorbed by UHEAA.

10. Other Business

Mr. Pratt reported that at the last meeting Rep. Wheatley asked for demographics on enrollment. Mr. Pratt distributed a five-year history by institution by ethnicity.

Mr. Pratt also reminded the Committee that Mr. Feitz from UHEAA will be presenting information on Wednesday; there will also be committee discussion, prioritization, and final voting, with a possible meeting on Thursday if needed.

MOTION: Sen. Valentine moved to adjourn.

The motion passed unanimously.

Committee Co-Chair Brown adjourned the meeting at 4:47 p.m.

Minutes were reported by Lorna Wells, Secretary.

Sen. John Valentine, Committee Co-Chair

Rep. Melvin R. Brown, Committee Co-Chair

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